



BEFORE THE ARIZONA CORPORATION C

COMMISSIONERS

Arizona Corporation Commission

DOCKETED

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BOB STUMP – Chairman  
GARY PIERCE  
BRENDA BURNS  
BOB BURNS  
SUSAN BITTER SMITH

DOCKETED BY

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IN THE MATTER OF THE APPLICATION  
OF ADAMAN MUTUAL WATER COMPANY  
FOR A RATE INCREASE.

DOCKET NO. W-01997A-12-0501

DECISION NO. 74826

OPINION AND ORDER

DATE OF HEARING:

June 25, 2014

PLACE OF HEARING:

Phoenix, Arizona

ADMINISTRATIVE LAW JUDGE:

Belinda A. Martin

APPEARANCES:

Mr. Craig A. Marks, CRAIG A. MARKS, PLC, on  
behalf of Adaman Mutual Water Company; and

Mr. Charles Hains, Staff Attorney, Legal Division, on  
behalf of the Utilities Division of the Arizona  
Corporation Commission.

**BY THE COMMISSION:**

Having considered the entire record herein and being fully advised in the premises, the  
Arizona Corporation Commission (“Commission”) finds, concludes, and orders that:

**FINDINGS OF FACT**

**PROCEDURAL HISTORY**

1. On December 28, 2012, Adaman Mutual Water Company (“Adaman” or “Company”) filed an application for a rate increase (“Application”). The Company attached a copy of the notice that it provided to customers on December 27, 2012, advising them of the Application. No customers provided comment in response to the notice.

2. On January 25, 2013, and February 26, 2013, the Commission’s Utilities Division (“Staff”) issued Deficiency Letters and Data Requests to the Company. Adaman responded to the Data Requests on February 8, and March 7, 2013, and docketed them on April 19, 2013.

1           3.       On March 25, 2013, Staff issued its Sufficiency Letter stating that the Application met  
2 the requirements of Arizona Administrative Code ("A.A.C.") R14-2-103, and classifying the  
3 Company as a Class C Utility.

4           4.       A Procedural Order docketed April 25, 2013, set the matter for hearing beginning  
5 September 24, 2013, and established other procedural guidelines.

6           5.       On June 10, 2013, Adaman submitted an affidavit averring that it had published notice  
7 of the hearing on May 21, 2013, in *West Valley Business*, and had mailed the notice to its customers  
8 on May 22, 2013. No customers provided comments in response to the hearing notice.

9           6.       Staff filed the Direct Testimony of Crystal S. Brown, Katrin Stukov, and John A.  
10 Cassidy on August 7, 2013.

11           7.       On August 30, 2013, Adaman filed a Motion for Continuance, requesting an indefinite  
12 stay of the procedural schedule to allow time for the parties to conduct formal settlement discussions.  
13 Staff did not object to the Motion.

14           8.       A Procedural Order docketed September 5, 2013, vacated the hearing and suspended  
15 the time clock.

16           9.       Public comment on the Application was taken on September 24, 2013, at the  
17 Commission's Phoenix office. No members of the public were present to provide comment.

18           10.      On April 1, 2014, Adaman filed the Rebuttal Testimony of Ray L. Jones, in which the  
19 Company stated that the parties had reached an agreement on the majority of the disputed points, but  
20 that there were still several issues remaining.

21           11.      Pursuant to a Procedural Order docketed April 15, 2014, a telephonic procedural  
22 conference was held on May 5, 2014, during which scheduling matters were discussed.

23           12.      On May 13, 2014, a Procedural Order was issued re-setting the hearing on the  
24 Application for June 25, 2014, at the Commission's Phoenix office.

25           13.      Staff submitted its Surrebuttal Testimony on May 30, 2014.

26           14.      The hearing convened as scheduled and the parties appeared through counsel. Mr.  
27 Jones and David Schofield, Adaman's manager and operator, testified on behalf of the Company.  
28

1 Ms. Stukov, Ms. Brown and Mr. Cassidy testified on behalf of Staff. No members of the public were  
2 present to provide comment.

3 15. During the hearing, an issue arose about recommendations proposed by Staff  
4 regarding the necessity for Arizona Department of Environmental Quality ("ADEQ") approvals of  
5 construction ("AOCs"). At the conclusion of the hearing, the parties stated they would docket late-  
6 filed exhibits regarding the AOCs within a few weeks.

7 16. On September 19, 2014, a Procedural Order was issued directing Adaman to file the  
8 required exhibits and Staff to file a response to the exhibits.

9 17. On October 6, 2014, Staff docketed a Supplement to Staff Report confirming its  
10 position on the need for the AOCs.

11 18. On October 7, 2014, Adaman filed a Status Report regarding the submission of the  
12 required AOCs; as of the date of this Decision, the Company has not provided the AOCs.

### 13 **BACKGROUND**

#### 14 **Company Background**

15 19. Adaman is an Arizona C corporation providing potable water service to approximately  
16 260 customers on one-acre lots or larger in Litchfield Park, pursuant to Decision No. 38315 (January  
17 20, 1966). The Company's current rates were set in Decision No. 59739 (July 17, 1996).

18 20. Adaman was originally formed as an Arizona non-profit corporation, but in 2009 the  
19 Company filed an application to re-organize as a for-profit entity in order to sell water to the City of  
20 Goodyear ("City").<sup>1</sup> Under the terms of a Bulk Water Sales and Treatment Agreement ("Sales  
21 Agreement"), the City agreed to construct an Arsenic Removal System to treat water produced by  
22 Adaman, and Adaman agreed to sell water to the City for \$67 per acre-foot. Two dollars of the per-  
23 acre-foot charge goes back to the City in repayment for the plant. Adaman assumed operations of the  
24 Arsenic Removal System in December 2008.

25 21. The Commission approved Adaman's re-organization in Decision No. 72506, but  
26 directed the Company "to defer all water sales tariff billings and costs associated with the Sales  
27

28 <sup>1</sup> See *In the Matter of the Application of Adaman Mutual Water Company for Approval to Issue Stock*, Docket No. W-01997A-09-0297, Decision No. 72506 (August 3, 2011).

1 Agreement commencing with the initial sales through and until the date of issuance of a rate order  
 2 that determines the appropriate rate-making treatment of such billings and costs.”<sup>2</sup> The Decision  
 3 required the Company to file a rate application no later than December 31, 2012, using a June 30,  
 4 2012, test year in order to consider the appropriate treatment of these revenues and expenses.

5 **Water System**

6 22. According to the Staff Report, Adaman Irrigation Water Delivery District (“AIWDD”) provides non-potable irrigation water service to Adaman’s customer base in the same service area. In  
 7 March 2011, Adaman removed from service its only well, Well No. 6A, due to high nitrate levels,  
 8 and began purchasing water pumped from AIWDD’s Well No. 1B under the terms of a Water  
 9 Facilities Sharing Agreement dated August 21, 2002. Adaman’s purchased water is filtered through  
 10 the Arsenic Removal System before it is blended with unfiltered water in a 200,000 gallon storage  
 11 tank.<sup>3</sup> In addition to the Arsenic Removal System and the storage tank, the system contains a  
 12 chlorination system, a pressure tank, three booster pumps and the distribution system. Adaman  
 13 serves over half of its customers through 1-inch meters.  
 14

15 23. In Staff’s Engineering Report, Staff concluded Adaman has an adequate water supply  
 16 to serve its current customer base, but its storage capacity is insufficient. The Company advised Staff  
 17 that AIWDD had built a new well, Well No. 1C, and Adaman had almost completed construction of a  
 18 12-inch pipeline to connect its system to Well No. 1C. Adaman intends to use water from this well as  
 19 an additional water source instead of constructing additional storage capacity.<sup>4</sup> Staff testified that this  
 20 is an acceptable solution under ADEQ rules.<sup>5</sup>

21 24. Staff recommended that the Company file with Docket Control as a compliance item  
 22 in this docket, within 30 days of the effective date of this Decision, a copy of the ADEQ AOC for  
 23 Well No. 1C and the AOC for the 12-inch pipeline.

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27 <sup>2</sup> Decision No. 72506, page 25.

<sup>3</sup> Transcript of June 25, 2014, Hearing, page 26. (Hereinafter, “Tr. at \_\_.”)

<sup>4</sup> Tr. at 27.

<sup>5</sup> Tr. at 42.

1       25. At hearing, Adaman claimed it had received an AOC for the 12-inch pipeline and  
2 would submit it as a late-filed exhibit;<sup>6</sup> however, as of the date of this Decision, the Company has not  
3 filed the pipeline AOC. Adaman objected to Staff's recommendation that it file an AOC for the new  
4 well, noting that Well No. 1C does not belong to the Company, but to AIWDD. The Company also  
5 argued ADEQ regulations do not require irrigation water districts to obtain AOCs for new wells.<sup>7</sup>

6       26. Staff witness Katrin Stukov disagreed with Adaman, stating that Staff believes ADEQ  
7 approval of the well is required since a portion of the well's water will be used for drinking water.<sup>8</sup>

8       27. At the conclusion of the hearing, the parties indicated they would research the Well 1C  
9 AOC issue and would file late-filed exhibits clarifying the matter.<sup>9</sup>

10       28. On October 6, 2014, Staff filed a Supplement to the Staff Report, attaching a copy of  
11 an email from the Maricopa County Environmental Services Department ("MCESD," a designated  
12 agent for ADEQ) confirming Staff's position that if a company constructs a well that will be  
13 connected to a public water system, it is required to obtain an AOC. Based on this information, Staff  
14 reiterated its recommendation regarding Well No. 1C.

15       29. In a Status Report docketed October 7, 2014, Adaman stated it anticipated receipt of  
16 the AOC for Well No. 1C in approximately one month.

17       30. Accordingly, we find Staff's recommendation regarding the AOC for Well No. 1C and  
18 the AOC for the 12-inch pipeline to be reasonable, except that the filing deadline should be extended  
19 from 30 days to 60 days in the event there are any delays in ADEQ's issuance of the AOC.

20       31. An MCESD Compliance Status Report dated July 20, 2012, indicated that the  
21 Company's system is in compliance with ADEQ regulations and is currently delivering water that  
22 meets the water quality standards required by 40 CFR 141 and A.A.C., Title 18, Chapter 4.

23       32. Adaman is located within the Arizona Department of Water Resources ("ADWR")  
24 Phoenix active management area ("AMA") and is subject to ADWR AMA reporting and  
25 conservation requirements. An ADWR compliance status report dated January 9, 2013, indicated

26 \_\_\_\_\_  
27 <sup>6</sup> Tr. at 25, 56 – 57.

<sup>7</sup> Tr. at 15 – 16.

<sup>8</sup> Tr. at 36, 38 – 42.

28 <sup>9</sup> Tr. at 57.

1 that the Company is in compliance with departmental requirements governing water providers and/or  
2 community water systems.

3 33. Staff recommended Adaman be required to file with Docket Control, as a compliance  
4 item in this docket, within 90 days of the effective date of this Decision, three Best Management  
5 Practices tariffs ("BMPs") conforming to the templates found at the Commission's website.

6 34. Adaman objected to Staff's recommendation, noting that it is located within the  
7 Phoenix AMA and is already subject to ADWR BMP requirements.

8 35. Because Adaman is already subject to ADWR AMA regulations, we decline to adopt  
9 Staff's recommendation.

10 36. Adaman has Commission-approved Backflow and Curtailment Tariffs.

11 37. Staff stated that the Company has no outstanding compliance issues and there were no  
12 complaints filed against the Company between 2010 and 2013.

### 13 RATE APPLICATION

#### 14 Summary

15 29. In the Application, Adaman proposed a \$1,122, or 0.26 percent, revenue increase from  
16 \$423,775 to \$424,897, but the increase would apply solely to the City of Goodyear. The Company's  
17 proposed revenues would produce an operating income of \$28,360, for a 10.14 percent rate of return  
18 on its original cost rate base,<sup>10</sup> which is the same as its fair value rate base ("FVRB"), of \$279,726.

19 30. Staff found that a 1.83 percent revenue decrease would be justified, but recommended  
20 no change to Adaman's test year revenues of \$423,775. Subtraction of Staff's adjusted operating  
21 expenses results in operating income of \$33,725, representing a 9.10 percent rate of return on Staff's  
22 adjusted FVRB of \$304,022.<sup>11</sup>

23 31. During the test year ending June 30, 2012, average and median water use by  
24 customers on 1-inch meters were 16,264 and 9,739 gallons per month, respectively.

25 32. Staff and Adaman agreed on a rate design as follows:

26 ...

27  
28 <sup>10</sup> Adaman did not submit testimony on cost of capital.

<sup>11</sup> Direct Testimony of John A. Cassidy, Schedule JAC - 3.

	<u>Present</u> <u>Rates</u>	<u>Proposed</u> <u>Rates</u>
1 <b><u>MONTHLY USAGE CHARGES:</u></b>		
2 <b>(All Classes)</b>		
3 5/8 x 3/4-Inch Meter	\$10.00	\$10.00
3/4-Inch Meter	12.50	12.50
4 1-Inch Meter	16.00	16.00
1-1/2-Inch Meter	25.00	25.00
5 2-Inch Meter	35.00	35.00
3-Inch Meter	75.00	75.00
6 4-Inch Meter	100.00	100.00
6-Inch Meter	200.00	200.00
7 <b><u>COMMODITY CHARGES:</u></b>		
8 <b>(Per 1,000 Gallons, All Classes)</b>		
9 All Usage	\$2.00	N/A
10 <b><u>5/8 x 3/4-Inch Meter</u></b>		
0 to 3,000 Gallons	N/A	\$1.80
11 3,001 to 10,000 Gallons	N/A	1.90
Over 10,000 Gallons	N/A	2.04
12 <b><u>3/4-Inch Meter</u></b>		
13 0 to 3,000 Gallons	N/A	\$1.80
3,001 to 10,000 Gallons	N/A	1.90
14 Over 10,000 Gallons	N/A	2.04
15 <b><u>1-Inch Meter</u></b>		
0 to 3,000 Gallons	N/A	\$1.80
16 3,001 to 10,000 Gallons	N/A	1.90
Over 10,000 Gallons	N/A	2.04
17 <b><u>1-1/2-Inch Meter</u></b>		
18 0 to 23,000 Gallons	N/A	\$1.90
Over 23,000 Gallons	N/A	2.04
19 <b><u>2-Inch Meter</u></b>		
20 0 to 35,000 Gallons	N/A	\$1.90
Over 35,000 Gallons	N/A	2.04
21 <b><u>3-Inch Meter</u></b>		
22 0 to 90,000 Gallons	N/A	\$1.90
Over 90,000 Gallons	N/A	2.04
23 <b><u>4-Inch Meter</u></b>		
24 0 to 120,000 Gallons	N/A	\$1.90
Over 120,000 Gallons	N/A	2.04
25 <b><u>6-Inch Meter</u></b>		
26 0 to 260,000 Gallons	N/A	\$1.90
Over 260,000 Gallons	N/A	2.04

1        33. Staff determined Adaman's FVRB to be \$304,022. This \$24,296 increase to  
2 Adaman's proposed FVRB of \$279,726 resulted from Staff's adjustments to plant-in-service and  
3 accumulated depreciation. The Company did not object to Staff's adjustments to its proposed FVRB.  
4 Staff's proposed rate base adjustments are reasonable and we adopt them.

5        34. As required by Decision No. 72506, Staff reviewed the deferrals of revenues and  
6 expenses associated with the Sales Agreement and concluded that they should be treated as ordinary  
7 revenues and expenses. Staff adopted Adaman's proposed test year revenues of \$423,775, but  
8 reclassified the amounts related to the Sales Agreement from the Other Operating Revenues account,  
9 to the Sales for Resale account. The Company did not object to Staff's reclassification of these  
10 revenues. Staff's recommended test year revenues are reasonable and we adopt them.

11        35. Staff's adjustments to the Company's proposed test year operating expenses resulted  
12 in a net decrease of \$6,243, from \$396,293 to \$390,050, due to Staff's adjustments to purchased  
13 power, repairs and maintenance, office supplies and expenses, outside services expense, water testing  
14 expense, rents expense, rate case expense, depreciation expense and taxes. Adaman accepted Staff's  
15 adjustments to its proposed operating expenses. Staff's recommended adjustments to operating  
16 expenses are reasonable and we adopt them.

17        36. After Staff's adjustments, Adaman's present water rates and charges reflect a test year  
18 operating income of \$33,725.

19        37. Although Staff and the Company agreed that no overall increase in revenues is  
20 required at this time, the parties created a rate design reflecting a change from a flat commodity  
21 charge of \$2.00 per 1,000 gallons to an inverted-tier rate design. As a result, the proposed rates  
22 would decrease the monthly bill for a customer on a 1-inch meter with average usage by \$1.05, or  
23 2.16 percent, from \$48.53, to \$47.48, and would decrease the bill for median usage by \$1.28, or 3.61  
24 percent, from \$35.48 to \$34.20.<sup>12</sup>

25        38. Under the circumstances, we find that the proposed rates are just and reasonable and  
26 we adopt them.

27 \_\_\_\_\_  
28 <sup>12</sup> The Company's two large industrial customers, the World Wildlife Zoo and Mountain Shadow Dairy, would  
experience a combined overall increase of 1.54 percent.



**SERVICE LINE AND METER INSTALLATION CHARGES:**  
**(Refundable pursuant to A.A.C. R14-2-405)**

	<u>Present Charges</u>	<u>Company and Staff Proposed Charges</u>		
	<u>Total</u>	<u>Service Line</u>	<u>Meter Installation</u>	<u>Total</u>
5/8 x 3/4-Inch Meter	\$ 350.00	\$ 445.00	\$ 155.00	\$ 600.00
3/4-Inch Meter	375.00	445.00	255.00	700.00
1-Inch Meter	425.00	495.00	315.00	810.00
1-1/2-Inch Meter	665.00	550.00	525.00	1,075.00
2-Inch Meter	1,080.00	830.00	1,045.00	1,875.00
3-Inch Meter	1,460.00	1,045.00	1,670.00	2,715.00
4-Inch Meter	1,995.00	1,490.00	2,670.00	4,160.00
6-Inch Meter	4,450.00	2,210.00	5,025.00	7,235.00

**SERVICE CHARGES:**

	<u>Present Charges</u>	<u>Company Proposed</u>	<u>Staff Recommended</u>
Establishment	\$12.50	\$12.50	\$12.50
Establishment (After Hours)	25.00	N/A	N/A
Reconnection (Delinquent)	12.50	\$12.50	\$12.50
After Hours Service Charge	N/A	\$25.00	25.00
Meter Test (If Correct)	\$15.00	15.00	15.00
Meter Re-Read (If Correct)	N/A	15.00	15.00
NSF Check	\$10.00	12.00	12.00
Deposit	(a)	N/A	(a)
Deposit (Residential)	N/A	(b)	N/A
Deposit (Non-Residential)	N/A	(c)	N/A
Deposit Interest	(a)	6.0%	(a)
Re-Establishment (Within 12 Months)	(d)	(d)	(d)
Late Charge (Per Month)	1.50%	1.50%	1.50%
Deferred Payment (Per Month)	1.50%	1.50%	1.50%
Monthly Service Charge for Fire Sprinkler	(e)	N/A	(f)

(a) Per Commission Rule A.A.C. R14-2-403(B).

(b) Two times the average bill.

(c) Two and half times the average bill.

(d) Number of months off system times the monthly minimum. Per Commission Rule A.A.C. R14-2-403(D).

(e) 1% of monthly minimum for a comparable sized meter connection, but no less than \$5.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

(f) 2% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

In addition to the collection of regular rates, the utility shall collect from its customers a proportionate share of any privilege, sales, use, and franchise tax, per Commission Rule A.A.C. 14-2-409(D)(5).

39. Adaman accepted Staff's recommended Service Line and Meter Installation Charges and Service Charges.

1       40.     We find that Staff's recommended Service Line and Meter Installation Charges and  
2 Service Charges are reasonable and we adopt them.

3       41.     Staff observed that under the terms of the Sales Agreement, Adaman may adjust the  
4 contract rate each January 1 based on the Consumer Price Index. Staff expressed concern that this  
5 adjustment might result in substantial revenues from the City, which could necessitate a rate  
6 reduction for the Company's other customers. As such, Staff recommended that Adaman be required  
7 to file a permanent rate application no later than May 31, 2016, using a December 31, 2015, test year.  
8 Adaman accepted Staff's recommendation.

9       42.     We find Staff's recommendation to be reasonable, but given the timing of Staff's  
10 recommendation and this Decision, we believe it is reasonable to require Adaman to file a rate  
11 application no later than May 31, 2017, using a December 31, 2016, test year.

12       43.     Staff recommended that Adaman should use Staff's typical and customary  
13 depreciation rates as set forth in the Direct Testimony of Katrin Stukov, Exhibit KS, Table B, on a  
14 going forward basis. Staff's recommendation is reasonable and we adopt it.

15       44.     We believe it is reasonable to require Adaman to file with the Commission a schedule  
16 of the revised rates and charges within 30 days of the effective date of this Decision and to notify its  
17 customers of the authorized rates and charges, and their effective date, in a form acceptable to Staff,  
18 by means of an insert in the next regularly scheduled billing or in a separate mailing.

19       45.     Because an allowance for the property tax expense is included in Adaman's rates and  
20 will be collected from its customers, the Commission seeks assurances from the Company that any  
21 taxes collected from ratepayers have been remitted to the appropriate taxing authority. It has come to  
22 the Commission's attention that a number of water companies have been unwilling or unable to fulfill  
23 their obligation to pay the taxes that were collected from its ratepayers, some for as many as twenty  
24 years. It is reasonable, therefore, that as a preventive measure, Adaman shall annually file, as part of  
25 its Utilities Annual Report, an affidavit with the Commission's Utilities Division attesting that the  
26 Company is current in paying its property taxes in Arizona.

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**CONCLUSIONS OF LAW**

1. Adaman is a public service corporation within the meaning of Article XV of the Arizona Constitution and A.R.S. §§40-250 and 40-251.

2. The Commission has jurisdiction over Adaman and the Application's subject matter.

3. Notice of the Application was given in accordance with Arizona law.

4. The authorized rates and charges are just and reasonable and in the public interest.

5. The recommendations stated herein are reasonable and should be adopted.

**ORDER**

IT IS THEREFORE ORDERED that Adaman Mutual Water Company shall file with Docket Control, as a compliance item in this docket, by November 28, 2014, revised tariffs setting forth the following rates and charges:

**MONTHLY USAGE CHARGES:****(All Classes)**

5/8 x 3/4-Inch Meter	\$10.00
3/4-Inch Meter	12.50
1-Inch Meter	16.00
1-1/2-Inch Meter	25.00
2-Inch Meter	35.00
3-Inch Meter	75.00
4-Inch Meter	100.00
6-Inch Meter	200.00

**COMMODITY CHARGES:****(Per 1,000 Gallons, All Classes)****5/8 x 3/4-Inch Meter**

0 to 3,000 Gallons	\$1.80
3,001 to 10,000 Gallons	1.90
Over 10,000 Gallons	2.04

**3/4-Inch Meter**

0 to 3,000 Gallons	\$1.80
3,001 to 10,000 Gallons	1.90
Over 10,000 Gallons	2.04

**1-Inch Meter**

0 to 3,000 Gallons	\$1.80
3,001 to 10,000 Gallons	1.90
Over 10,000 Gallons	2.04

**1-1/2-Inch Meter**

0 to 23,000 Gallons	\$1.90
Over 23,000 Gallons	2.04

**2-Inch Meter**

0 to 35,000 Gallons	\$1.90
Over 35,000 Gallons	2.04

**3-Inch Meter**

0 to 90,000 Gallons	\$1.90
Over 90,000 Gallons	2.04

**4-Inch Meter**

0 to 120,000 Gallons	\$1.90
Over 120,000 Gallons	2.04

**6-Inch Meter**

0 to 260,000 Gallons	\$1.90
Over 260,000 Gallons	2.04

**SERVICE LINE AND METER INSTALLATION CHARGES:**  
**(Refundable pursuant to A.A.C. R14-2-405)**

	<u>Service Line</u>	<u>Meter Installation</u>	<u>Total</u>
5/8 x 3/4-Inch Meter	\$ 445.00	\$ 155.00	\$ 600.00
3/4-Inch Meter	445.00	255.00	700.00
1-Inch Meter	495.00	315.00	810.00
1-1/2-Inch Meter	550.00	525.00	1,075.00
2-Inch Meter	830.00	1,045.00	1,875.00
3-Inch Meter	1,045.00	1,670.00	2,715.00
4-Inch Meter	1,490.00	2,670.00	4,160.00
6-Inch Meter	2,210.00	5,025.00	7,235.00

**SERVICE CHARGES:**

Establishment	\$12.50
Reconnection (Delinquent)	12.50
After Hours Service Charge	25.00
Meter Test (If Correct)	15.00
Meter Re-Read (If Correct)	15.00
NSF Check	12.00
Deposit	(a)
Deposit Interest	(a)
Re-Establishment (Within 12 Months)	(b)
Late Charge (Per Month)	1.50%
Deferred Payment (Per Month)	1.50%
Monthly Service Charge for Fire Sprinkler	(c)

(a) Per Commission Rule A.A.C. R14-2-403(B).

(b) Number of months off system times the monthly minimum. Per Commission Rule A.A.C. R14-2-403(D).

(c) 2% of monthly minimum for a comparable sized meter connection, but no less than \$10.00 per month. The service charge for fire sprinklers is only applicable for service lines separate and distinct from the primary water service line.

In addition to the collection of regular rates, the utility shall collect from its customers a proportionate share of any privilege, sales, use, and franchise tax, per Commission Rule A.A.C. 14-2-409(D)(5).

1 IT IS FURTHER ORDERED that the above rates and charges shall be effective for all service  
2 provided on and after December 1, 2014.

3 IT IS FURTHER ORDERED that Adaman Mutual Water Company shall notify its customers  
4 of the authorized rates and charges, and their effective date, in a form acceptable to Commission  
5 Staff, by means of an insert in its next regularly scheduled billing or in a separate mailing.

6 IT IS FURTHER ORDERED that Adaman Mutual Water Company shall use the depreciation  
7 rates noted in the Direct Testimony of Katrin Stukov, Exhibit KS, Table B, on a going forward basis.

8 IT IS FURTHER ORDERED that Adaman Mutual Water Company shall file with Docket  
9 Control, as a compliance item in this docket, within 60 days of this Decision's effective date, the  
10 ADEQ Approval of Construction for Well No. 1C and the ADEQ Approval of Construction for the  
11 12-inch pipeline connecting the Well No. 1C to the Company's water system.

12 IT IS FURTHER ORDERED that Adaman Mutual Water Company shall file with Docket  
13 Control, as a compliance item in this docket, a permanent rate application no later than May 31, 2017,  
14 using a test year ending December 31, 2016.

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IT IS FURTHER ORDERED that Adaman Mutual Water Company shall file with the Commission's Utilities Division, as part of its Utilities Annual Report, an affidavit attesting that it is current on payment of its property taxes in Arizona.

IT IS FURTHER ORDERED that this Decision shall become effective immediately.

BY ORDER OF THE ARIZONA CORPORATION COMMISSION.

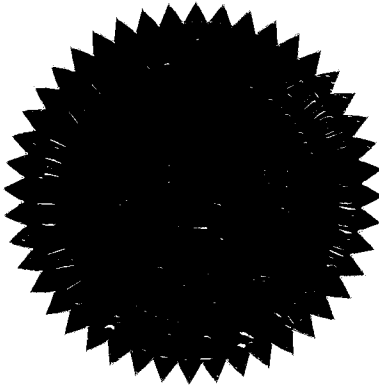
CHAIRMAN

COMMISSIONER

COMMISSIONER

COMMISSIONER

COMMISSIONER



IN WITNESS WHEREOF, I, JODI JERICH, Executive Director of the Arizona Corporation Commission, have hereunto set my hand and caused the official seal of the Commission to be affixed at the Capitol, in the City of Phoenix, this 13<sup>th</sup> day of November 2014.

JODI JERICH  
EXECUTIVE DIRECTOR

DISSENT \_\_\_\_\_

DISSENT \_\_\_\_\_

BM:ru

1 SERVICE LIST FOR:

ADAMAN MUTUAL WATER COMPANY

2  
3 DOCKET NO.:

W-01997A-12-0501

4 Craig A. Marks  
5 CRAIG A. MARKS, PLC  
6 10645 North Tatum Boulevard, Suite 200-676  
Phoenix, AZ 85038

7 Janice Alward, Chief Counsel  
8 Legal Division  
9 ARIZONA CORPORATION COMMISSION  
1200 West Washington Street  
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10 Steven M. Olea, Director  
11 Utilities Division  
12 ARIZONA CORPORATION COMMISSION  
1200 West Washington  
Phoenix, AZ 85007